



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2017 Biennium

Bill #	SB0251	Title:	Revise prevailing wage laws to match local government contracting
Primary Sponsor:	Brown, Dee	Status:	As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: This bill increases the starting total contract amount of a public works project, or certain other construction and non-construction projects, at which a standard prevailing wage must be paid, as well as amending other sections. The fiscal impact to state construction projects done through the Department of Administration, Architecture & Engineering Division and/or General Services Division is unquantifiable but is not anticipated to increase costs.

FISCAL ANALYSIS

Assumptions:

Department of Administration

1. The Department of Administration, Architecture & Engineering Division, effort will be limited to adjusting current contract language to match the revised prevailing wage applicability amount of \$80,000 as provided in the bill (i.e. change from \$25,000 to \$80,000).
2. The Department of Administration, General Services Division assumes there will be no direct impact other than the additional work required to revise contract and bid requirements.

Department of Commerce

3. SB 251 increases the starting total contract amount of a public works project, or certain other construction and non-construction projects, at which a standard prevailing wage must be paid from \$25,000 to \$80,000. There is no fiscal impact to the Montana Facility Finance Authority, the Board of Investments, or the

Department of Commerce, since the department is involved with the financing portion of these projects and not the construction.

Technical Notes:

Department of Administration

1. State construction contracts may be sole-sourced when less than \$25,000, which also matches the current applicability threshold for construction prevailing wage schedules (i.e. \$25,000). State construction contracts must be formally advertised when greater than \$75,000. The change to \$80,000 from \$25,000 creates a statutory and administrative disparity for state construction contracting between sole-source bid, informal bidding, and formal bidding limits.
2. Bid securities are required on all construction bids greater than \$25,000 for both state and local government entities. Performance and payment bonds are required on all construction contracts greater than \$50,000 for both state and local government entities. The change to \$80,000 from \$25,000 increases the statutory and administrative disparity for state construction contracting between sole-source bid, informal bidding, and formal bidding limits.

Sponsor's Initials

Date

Budget Director's Initials

Date